



TESTIMONY
of the
CONNECTICUT CONFERENCE OF MUNICIPALITIES
to the
PLANNING AND DEVELOPMENT COMMITTEE

March 10, 2010

CCM is Connecticut's statewide association of towns and cities and the voice of local government - your partners in governing Connecticut. Our members represent over 93% of Connecticut's population. We appreciate this opportunity to provide testimony to you on issues of concern to towns and cities.

CCM supports Raised Bill 5337 "An Act Authorizing Two or More Municipalities to Pursue Joint Employee Health Insurance Plans".

This bill would clarify that municipalities may join with one another for the purpose of pooling health insurance for their employees.

At present there is a need to clarify the ability of municipalities to pool risks to jointly purchase health insurance. Connecticut statute (CGS 7-148cc) allows municipalities to perform jointly any function they can do separately. However, conflicting statements from the Department of Insurance has muddled the waters. The Department's 1990 letter ruling (HC-43) forbids "multiple employer welfare associations" in Connecticut. Although we do not believe the ruling applies to municipalities because they are non-ERISA employers under federal law, clarity is necessary.

This bill is not, by itself, a panacea for rising health care costs. It may not work for some towns. But it is a tool that municipalities would be able to employ to help design programs that work for their property taxpayers.

Ovation Benefits' 2008 survey of municipal health care benefits indicates that Connecticut's public sector health insurance rates are 45.2% higher than the national norm. Another consultant, Milliman, estimates that this year's average increase will be about 12.5%.

Two examples from this year: in East Hartford the quote increased 17.7% and in Avon - which uses a different carrier - it is 14%. Each year premiums climb 5%, 10%, 15% or more.

Municipal officials, property taxpayers and labor unions share an interest in lowering the cost of health insurance for towns and cities. Municipalities are doing what they can - changing benefit structures, increasing co-pays, implementing cost-sharing and establishing wellness programs. But costs still rise, driving up property taxes. This important bill provides one mechanism to help them fight their battle.

CCM urges the committee to favorably report this bill.

##

If you have any questions, please contact Gian-Carl Casa or Ron Thomas of CCM, at (203) 498-3000.